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AIR TRAVEL FAIRNESS URGES U.S. DOT TO HALT APPROVAL OF AIRLINE ANTITRUST IMMUNITY WITHOUT NEW CONSUMER PROTECTIONS

Traveler advocacy coalition says airlines' cartel-like "joint ventures" are making it even more difficult for consumers to access the best fares and schedules

Coalition calls on DOT to protect consumers, not airline profits

WASHINGTON D.C. – DECEMBER 7, 2017 – Air Travel Fairness, one of the largest traveler advocacy organizations in the U.S., today called on the U.S. Department of Transportation (DOT) to reject any applications from airlines for either new or expanded antitrust immunity (ATI) agreements between carriers without first instituting new protections from the harm these cartel-like schemes are causing consumers.

Airlines with antitrust immunity are able to freely cooperate with each other on fares, schedules, fleets, marketing programs and operations. Essentially, these mega-joint ventures operate as if they are a single, giant airline.

For example, once approved for antitrust immunity, two airlines that previously competed against each other for travelers' business, perhaps offering the only nonstop flights on a given route, behave as if they are one company. The two airlines can share costs and revenues on flights, set prices including minimum fares offered on each of their flights, reduce capacity if too many low-priced seats are offered, or do away with the type of bonus and discount programs offered to frequent flyer program members when airlines are vigorously competing for travelers' business. The airlines might call this efficiencies of scale, but consumers are the big losers.

The consumer impact is the same as when a market with two competitors changes to having only one. Two airlines, in this case, essentially merge into one, but there is no change in ownership.

"When airlines seek antitrust immunity from the U.S. government, they promise it will create more schedule options and smoother connections for travelers, but they fail to mention the high price the flying public ends up paying in reduced competition," said Kurt Ebenhoch, executive director of the Air Travel Fairness Coalition. "U.S. airlines are now using their antitrust

immunity to make it exceedingly difficult for travelers to compare schedules and ticket prices on flights operated by their international partners that were granted antitrust immunity by DOT, something never contemplated originally.”

Study shows market concentration results in higher fares for consumers

According to an [independent study](#), the type of airline mergers, acquisitions, joint ventures and code-share agreements that have been approved in the U.S., and between the U.S. and Europe, have over time contributed to a reduction in competition, fewer choices and higher prices for consumers.

The study, conducted by aviation economists GRA, and supported by the European Federation of Travel Agents’ and Tour Operators’ Associations (ECTAA), the European Passengers Federation (EPF), the European Technology & Travel Services Association (ETTSA) and air passenger rights watchdog Friendly Flying, found that airlines and airline groups are increasingly pushing consumers to their own websites where they avoid fast, easy comparison shopping and competition. The study found that many airlines are doing this by making less information available to the independent and neutral distributors of airline tickets that many consumers prefer when booking travel.

U.S. DOT is legally required to prevent anticompetitive practices in air transportation

According to section [49 of the U.S. Code on Policy](#), the Secretary of Transportation is to “consider several matters of being in the public interest and consistent with public convenience and necessity,” among them:

“(9) preventing unfair, deceptive, predatory, or anticompetitive practices in air transportation.”

“(10) avoiding unreasonable industry concentration, excessive market domination, monopoly powers, and other conditions that would tend to allow at least one air carrier or foreign air carrier unreasonably to increase prices, reduce services, or exclude competition in air transportation.”

“(12) encouraging, developing, and maintaining an air transportation system relying on actual and potential competition—

(a) to provide efficiency, innovation, and low prices; and

(b) to decide on the variety and quality of, and determine prices for, air transportation services.”

“(13) encouraging entry into air transportation markets by new and existing air carriers and the continued strengthening of small air carriers to ensure a more effective and competitive airline industry.”

“(f) Strengthening Competition.— In selecting an air carrier to provide foreign air transportation from among competing applicants, the Secretary of Transportation shall consider, in addition to the matters specified in subsections (a) and (b) of this section, the strengthening of competition among air carriers operating in the United States to prevent unreasonable concentration in the air carrier industry.”

“Clearly, eliminating competition through anti-trust immunity agreements has been a windfall for airlines, but it hasn’t been for consumers or competition,” Ebenhoch added. “We believe the role of the DOT is to protect consumers every bit as much as airline profits.”

About The Air Travel Fairness Coalition

[Air Travel Fairness](http://www.airtravelfairness.org), which represents the interests of more than 70,000 travelers, as well as consumer and business organizations, believes increased, genuine transparency is good for American families, good for the economy and good for competition. For more information, visit www.airtravelfairness.org.

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